

**QUARTERLY STATEMENT  
OF THE  
AMERIGROUP Tennessee, Inc.**

**of  
Nashville  
in the state of  
Tennessee**

**TO THE  
Insurance Department  
OF THE STATE OF  
Tennessee**

**FOR THE QUARTER ENDED  
September 30, 2007**

**2007**

**2007**



# QUARTERLY STATEMENT

## AS OF September 30, 2007

### OF THE CONDITION AND AFFAIRS OF THE

#### AMERIGROUP Tennessee, Inc.

NAIC Group Code	1156	1156	NAIC Company Code	12941	Employer's ID Number	20-4776597
	(Current Period)	(Prior Period)				
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ]      Property/Casualty[ ]      Hospital, Medical & Dental Service or Indemnity[ ] Dental Service Corporation[ ]      Vision Service Corporation[ ]      Health Maintenance Organization[X] Other[ ]      Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]					
Incorporated/Organized	04/26/2006		Commenced Business	04/01/2007		
Statutory Home Office	22 Century Boulevard, Ste 310		Nashville, TN 37214			
	(Street and Number)		(City, or Town, State and Zip Code)			
Main Administrative Office	4425 Corporation Lane		(757)473-2737-32721			
	(Street and Number)		(Area Code) (Telephone Number)			
Mail Address	Virginia Beach, VA 4425 Corporation Lane		(757)473-2737-32721			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Primary Location of Books and Records	4425 Corporation Lane		(757)473-2737-32721			
	(Street and Number)		(Area Code) (Telephone Number)			
Internet Website Address	www.amerigroupcorp.com					
Statutory Statement Contact	Margaret Mary Roomsburg		(757)473-2737-32721			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	mroomsb@amerigroupcorp.com		(757)557-6742			
	(E-Mail Address)		(Fax Number)			
Policyowner Relations Contact	4425 Corporation Lane		(757)473-2737-32721			
	(Street and Number)		(Area Code) (Telephone Number)(Extension)			
	Virginia Beach, VA 23462		(757)473-2737-32721			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)(Extension)			

### OFFICERS

Name	Title
Charles Brian Shipp	CEO/President
Lorena Jean Stanley	COO/Vice President
Stanley Forrest Baldwin	Secretary/Vice President
Nicholas Joseph Pace, II	Asst Secretary/Vice President
James Ward Truess	Treasurer/Vice President
Scott Wayne Anglin	Asst Treasurer/Vice President
Karen Lint Shields	Asst Treasurer/Vice President
Carol Ann Churchill, M.D.	Medical Director/Vice President

### OTHERS

Catherine Smith Callahan, Vice President  
Lori-Don McNamee Gregory, Asst Secretary

Margaret Mary Roomsburg, Vice President  
William Gardner Wood, M.D., Vice President

### DIRECTORS OR TRUSTEES

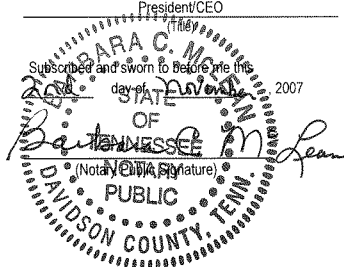
Charles Brian Shipp  
Nicholas Joseph Pace, II

Stanley Forrest Baldwin

State of Virginia  
County of Virginia Beach ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Charles Brian Shipp	Stanley Forrest Baldwin	Margaret Mary Roomsburg
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President/CEO	Vice President/Secretary	Vice President
(Title)	(Title)	(Title)



- a. Is this an original filing? ☒ Yes ☐ No
- b. If no, 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_



NANCY M. NEWSOM  
NOTARY PUBLIC  
Commonwealth of Virginia  
My Commission Expires  
April 30, 2009

My Commission Expires JAN. 23, 2010

#191631

## ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	26,676,002		26,676,002	
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....42,504,080), cash equivalents (\$.....0) and short-term investments (\$.....6,264,342) .....	48,768,422		48,768,422	
6. Contract loans (including \$.....0 premium notes) .....				
7. Other invested assets .....				
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	75,444,424		75,444,424	
11. Title plants less \$.....0 charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	535,424		535,424	
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	14,708,290		14,708,290	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....				
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....				
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....				
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....	456,409	64,735	391,674	
19. Furniture and equipment, including health care delivery assets (\$.....0) .....	2,221,907	2,221,907		
20. Net adjustments in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....				
22. Health care (\$.....3,745,224) and other amounts receivable .....	5,187,550	1,442,326	3,745,224	
23. Aggregate write-ins for other than invested assets .....				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	98,554,004	3,728,968	94,825,036	
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Total (Lines 24 and 25) .....	98,554,004	3,728,968	94,825,036	
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

**LIABILITIES, CAPITAL AND SURPLUS**

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	65,292,966		65,292,966	
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	1,620,112		1,620,112	
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserve .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	3,717,957		3,717,957	261,411
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured plans .....				
21.	Aggregate write-ins for other liabilities (including \$.....0 current) .....	2,836,572		2,836,572	
22.	Total liabilities (Lines 1 to 21) .....	73,467,607		73,467,607	261,411
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	1,000	
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	44,739,445	
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	(23,383,016)	(261,411)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	21,357,429	(261,411)
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	94,825,036	
<b>DETAILS OF WRITE-INS</b>					
2101.	Accrued Taxes .....	2,836,572		2,836,572	
2102.	.....				
2103.	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	2,836,572		2,836,572	
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

## STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X	1,098,491	
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X	256,409,764	
3.	Change in unearned premium reserves and reserves for rate credits .....	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5.	Risk revenue .....	X X X		
6.	Aggregate write-ins for other health care related revenues .....	X X X		
7.	Aggregate write-ins for other non-health revenues .....	X X X		
8.	Total revenues (Lines 2 to 7) .....	X X X	256,409,764	
<b>Hospital and Medical:</b>				
9.	Hospital/medical benefits .....		174,514,051	
10.	Other professional services .....		5,486,992	
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		17,618,847	
13.	Prescription drugs .....		194	
14.	Aggregate write-ins for other hospital and medical .....		44,281,158	
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....		241,901,242	
<b>Less:</b>				
17.	Net reinsurance recoveries .....		(1,003,896)	
18.	Total hospital and medical (Lines 16 minus 17) .....		242,905,138	
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....987,664 cost containment expenses .....		6,656,884	
21.	General administrative expenses .....		28,133,858	55,234
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....		277,695,880	55,234
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	(21,286,116)	(55,234)
25.	Net investment income earned .....		1,893,479	
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		1,893,479	
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	(19,392,637)	(55,234)
31.	Federal and foreign income taxes incurred .....	X X X		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X	(19,392,637)	(55,234)
<b>DETAILS OF WRITE-INS</b>				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401.	Home Health Care, DME, Transportation, etc. ....		44,281,158	
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		44,281,158	
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....			

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	(261,411)		
34. Net income or (loss) from Line 32 .....	(19,392,637)	(55,234)	(261,411)
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	(3,728,968)		
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....	1,000		
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....	44,739,445		
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....			
48. Net change in capital and surplus (Lines 34 to 47) .....	21,618,840	(55,234)	(261,411)
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	21,357,429	(55,234)	(261,411)
<b>DETAILS OF WRITE-INS</b>			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....			

**CASH FLOW**

		1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	241,701,474	
2.	Net investment income .....	1,358,055	
3.	Miscellaneous income .....		
4.	Total (Lines 1 to 3) .....	243,059,529	
5.	Benefit and loss related payments .....	179,505,722	
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	30,058,593	
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	209,564,315	
11.	Net cash from operations (Line 4 minus Line 10) .....	33,495,214	
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	26,676,002	
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	26,676,002	
14.	Net increase (or decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(26,676,002)	
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	44,700,000	
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(2,750,790)	
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	41,949,210	
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	48,768,422	
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....		
19.2	End of period (Line 18 plus Line 19.1) .....	48,768,422	

**Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

		Amount 1	Amount 2
Description			
20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)			4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group								
Total Members at end of:											
1. Prior Year											
2. First Quarter											
3. Second Quarter	182,201									182,201	
4. Third Quarter	185,365									185,365	
5. Current Year											
6. Current Year Member Months	1,098,491									1,098,491	
Total Member Ambulatory Encounters for Period:											
7. Physician	438,894									438,894	
8. Non-Physician	368,836									368,836	
9. Total	807,730									807,730	
10. Hospital Patient Days Incurred	71,243									71,243	
11. Number of Inpatient Admissions	9,341									9,341	
12. Health Premiums Written (a)	256,409,764									256,409,764	
13. Life Premiums Direct											
14. Property/Casualty Premiums Written											
15. Health Premiums Earned	256,409,764									256,409,764	
16. Property/Casualty Premiums Earned											
17. Amount Paid for Provision of Health Care Services	178,501,827									178,501,827	
18. Amount Incurred for Provision of Health Care Services	241,901,242									241,901,242	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.



CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	7,883,608	1,044,103	132,660			9,060,371
0499999 Subtotals	7,883,608	1,044,103	132,660			9,060,371
0599999 Unreported claims and other claim reserves						56,232,595
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						65,292,966
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec.31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid		179,505,722		65,292,966		
8. Other health						
9. Health subtotal (Lines 1 to 8)		179,505,722		65,292,966		
10. Healthcare receivables (a)		1,893,550				
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals		177,612,172		65,292,966		

(a) Excludes \$ .....3,294,000 loans or advances to providers not yet expensed.

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The Financial Statements of AMERIGROUP Tennessee, Inc. (the Company) is presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance.

The Tennessee Department of Commerce and Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version effective March 1, 2007 (NAIC SSAP) has been adopted as a component of prescribed or permitted practices by the state of Tennessee.

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Statutory Accounting Principles requires management to make estimates and assumptions that affect the report amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

AMERIGROUP Tennessee, Inc. records premium revenues based on its membership records and premiums rates for each membership category within each region. Premiums are due monthly and are recognized as revenue during the period in which the company is obligated to provide service to members.

In addition, the company uses the following accounting policies.

- (1) Short-term investments are stated at amortized cost. Any Bonds not backed by other loans are stated at amortized cost using the interest method.
- (2) Unpaid Claims and loss adjustment expenses include an amount determined from individual case estimates and claim reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### 2. Accounting Changes and Corrections of Errors

#### A. Disclosure for Insurers Upon Initial Implementation of Codification:

None

### 3. Business Combinations and Goodwill

None

### 4. Discontinued Operations

None

### 5. Investments

AMERIGROUP Tennessee, Inc. as of September 30, 2007, does not possess or reflect any Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities, Repurchase Agreements, Real Estate, or Low-income housing tax credits.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

None

### 7. Investment Income

None

### 8. Derivative Instruments

AMERIGROUP Tennessee, Inc. as of September 30, 2007 had no investments in Derivative Instruments.

## Notes to Financial Statement

### 9. Income Taxes

The Company's federal income tax return is consolidated with the following entities:

AMERIGROUP Corporation (Parent)  
 PHP Holdings, Inc.  
 AMERIGROUP Florida, Inc.  
 AMERIGROUP Maryland, Inc.  
 AMERIGROUP New Jersey, Inc.  
 AMERIGROUP Texas, Inc.  
 AMERIGROUP New York, LLC  
 AMGP Georgia Managed Care Company, Inc.  
 AMERIGROUP Virginia, Inc.  
 AMERIGROUP Ohio, Inc.  
 AMERIGROUP Community Care of New Mexico, Inc.  
 AMERIGROUP Nevada, Inc.  
 AMERIGROUP Tennessee, Inc.  
 AMERIGROUP Community Care of South Carolina, Inc.  
 AMERIGROUP Indiana, Inc.

AMERIGROUP Corporation has a written agreement outlining the method of allocating federal income tax between the entities. The allocation is based upon separate return calculations for each member of the affiliated group. If a member has a net loss, current credit is provided to the extent that the member has previously paid taxes.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

AMERIGROUP Corporation provides administrative and financial support services to the Company. Intercompany management fees charged to the Company year-to-date as of third Quarter 2007 for these services were \$17,014,397 and are included in general administrative expenses in the accompanying statutory statements of revenue and expenses.

### 11. Debt

The Company has no debt outstanding.

### 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefits Plans

The Company's employees have the option to participate in a deferred compensation plan sponsored by AMERIGROUP Corporation. All full-time and most part-time employees of AMERIGROUP Corporation and the Company may elect to participate in this plan. This plan is exempt from income taxes under Section 401(k) of the Internal Revenue Code. Participants may contribute a certain percentage of their compensation subject to maximum federal and plan limits. AMERIGROUP Corporation may elect to match a certain percentage of each employee's contributions up to specified limits.

### 13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations.

- (1) The Company has 1000 shares of common stock authorized and 1000 shares outstanding.
- (2) The Company has no preferred stock outstanding.

### 14. Contingencies

None

### 15. Leases

The Company leases office space under an operating lease agreement that expires August 1, 2013. Rental expense as of September 30, 2007 was approximately \$157,966. At June 30, 2007, the minimum aggregate rental commitments are as follows:

2008:	\$ 608,087
2009:	\$ 626,405
2010:	\$ 645,087
2011:	\$ 662,261
2012:	\$ 684,066

### 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial with Concentrations of Credit Risk.

None

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

## Notes to Financial Statement

None

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.**

None

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.**

None

**20. Other Items**

None

**21. Events Subsequent**

On November 1, 2007, AMERIGROUP Corporation and AMERIGROUP Tennessee, Inc. acquired substantially all of the assets of Memphis Managed Care Corporation (MMCC) including substantially all of the assets of TLC Family Care Health Plan and substantially all of the assets of Midsouth Health Solutions, Inc., a subsidiary of MMCC, for approximately \$12,000. An additional contingent payment of approximately \$18,250 will be payable at such time if and when the State of Tennessee awards to AMERIGROUP Tennessee, Inc. a capitated contract through the TennCare program to provide full-risk managed care services to the Medicaid population in West Tennessee. The initial \$12,000 payment is subject to post-closing adjustments based on the timing of the implementation of the full-risk program in West Tennessee and the \$18,250 contingent payment is subject to adjustment based on the number of full-risk members assigned to AMERIGROUP Tennessee, Inc. should it bid successfully in West Tennessee. The purchase price was financed through available unregulated cash. We are in the process of finalizing the valuation of the acquired intangible assets. As a result the amounts allocated to goodwill and intangibles have not yet been determined. Additionally, as a result of the contingent nature of any future payments, purchase price adjustments may arise as those amounts become known.

**22. Reinsurance**

A new contract was signed with Allianz Life Ins. of North America in April of 2006, with the attachment points of \$200,000 per Medicaid member. AMERIGROUP Tennessee, Inc. during this reporting period had no Unsecured Reinsurance Recoverables, Reinsurance Recoverable in Dispute, Uncollectible Reinsurance, Commutation of Reinsurance or Retroactive Reinsurance.

**23. Retrospectively Rated Contracts**

None

**24. Change in Incurred Claims and Claim Adjustment Expenses**

The changes to reserves for incurred claims and claim adjustment expenses result from re-estimation and are reflected in the period determined.

**25. Intercompany Pooling Arrangements**

None

**26. Structured Settlements**

None

**27. Health Care Receivables**

Health Care Receivables consist of provider advances and provider overpayments on paid claims, administrative services, and ASO claims payment receivable from the state of Tennessee.

**28. Participating Policies**

None

**29. Premium Deficiency Reserves.**

None

**30. Salvage and Subrogation**

None

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES****GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]  
1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]  
2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]  
4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....	.....	.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[X] N/A[ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....  
6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....  
6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....  
6.4 By what department or departments? .....
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]  
7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]  
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]  
8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

**FINANCIAL**

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.  
9.11 If the response to 9.1 is No, please explain.  
9.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]  
9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]  
9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]  
10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$..... 0

**INVESTMENT**

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes[ ] No[X]  
11.2 If yes, explain:
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]  
12.2 If yes, give full and complete information relating thereto:
13. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$..... 0  
14. Amount of real estate and mortgages held in short-term investments: \$..... 0
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]  
15.2 If yes, please complete the following:

**GENERAL INTERROGATORIES (Continued)**

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds .....		
15.22 Preferred Stock .....		
15.23 Common Stock .....		
15.24 Short-Term Investments .....		
15.25 Mortgages Loans on Real Estate .....		
15.26 All Other .....		
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26) .....		
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above .....		

16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐ N/A ☒

If no, attach a description with this statement.

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ☒ No ☐

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US Bank .....	1025 Connecticut Avenue Ste 517; Washington, DC 20036 .....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes ☐ No ☒

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ☒ No ☐

18.2 If no, list exceptions:

**SCHEDULE A - VERIFICATION****Real Estate**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....		
2.	Increase (decrease) by adjustment .....		
3.	Cost of acquired .....		
4.	Cost of additions to and permanent improvements .....		
5.	Total profit (loss) on sales .....		
6.	Increase (decrease) by foreign exchange adjustment .....		
7.	Amount received on sales .....		
8.	Book/adjusted carrying value at end of current period .....		
9.	Total valuation allowance .....		
10.	Subtotal (Lines 8 plus 9) .....		
11.	Total nonadmitted amounts .....		
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....		

**NONE****SCHEDULE B - VERIFICATION****Mortgage Loans**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....		
2.	Amount loaned during period:		
2.1	Actual cost at time of acquisitions .....		
2.2	Additional investment made after acquisitions .....		
3.	Accrual of discount and mortgage interest points and commitment fees .....		
4.	Increase (decrease) by adjustment .....		
5.	Total profit (loss) on sale .....		
6.	Amounts paid on account or in full during the period .....		
7.	Amortization of premium .....		
8.	Increase (decrease) by foreign exchange adjustment .....		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....		
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....		
12.	Total nonadmitted amounts .....		
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....		

**NONE****SCHEDULE BA - VERIFICATION****Other Invested Assets**

		1	2
Description		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....		
2.	Cost of acquisitions during period:		
2.1	Actual cost at time of acquisitions .....		
2.2	Additional investment made after acquisitions .....		
3.	Accrual of discount .....		
4.	Increase (decrease) by adjustment .....		
5.	Total profit (loss) on sale .....		
6.	Amounts paid on account or in full during the period .....		
7.	Amortization of premium .....		
8.	Increase (decrease) by foreign exchange adjustment .....		
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....		
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....		
12.	Total nonadmitted amounts .....		
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....		

**NONE****SCHEDULE D - VERIFICATION****Bonds and Stocks**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....		
2.	Cost of bonds and stocks acquired .....	26,670,913	
3.	Accrual of discount .....	5,089	
4.	Increase (decrease) by adjustment .....		
5.	Increase (decrease) by foreign exchange adjustment .....		
6.	Total profit (loss) on disposal .....		
7.	Consideration for bonds and stocks disposed of .....		
8.	Amortization of premium .....		
9.	Book/adjusted carrying value, current period .....	26,676,002	
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....	26,676,002	
12.	Total nonadmitted amounts .....		
13.	Statement value .....	26,676,002	



SCHEDULE D - PART 1B  
Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1	10,676,946	18,995,983		2,381	10,674,905	10,676,946	29,675,310	
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	10,676,946	18,995,983		2,381	10,674,905	10,676,946	29,675,310	
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	10,676,946	18,995,983		2,381	10,674,905	10,676,946	29,675,310	

**SCHEDULE DA - PART 1****Short - Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999. Totals .....	6,264,342	X X X	6,226,138	3,786	

**SCHEDULE DA - PART 2 - Verification****Short-Term Investments Owned**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of short-term investments acquired .....	6,226,138	
3. Increase (decrease) by adjustment .....	38,204	
4. Increase (decrease) by foreign exchange adjustment .....		
5. Total profit (loss) on disposal of short-term investments .....		
6. Consideration received on disposal of short-term investments .....		
7. Book/adjusted carrying value, current period .....	6,264,342	
8. Total valuation allowance .....		
9. Subtotals (Lines 7 plus 8) .....	6,264,342	
10. Total nonadmitted amounts .....		
11. Statement value (Lines 9 minus 10) .....	6,264,342	
12. Income collected during period .....	38,205	
13. Income earned during period .....	67,427	

15    Schedule DB Part F Section 1 ..... NONE

16    Schedule DB Part F Section 2 ..... NONE

17    Schedule S Ceded Reinsurance ..... NONE

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Current Year to Date - Allocated by States and Territories**

1	Is Insurer Licensed (Yes or No)	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.		Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama (AL) .....	No .....								
2. Alaska (AK) .....	No .....								
3. Arizona (AZ) .....	No .....								
4. Arkansas (AR) .....	No .....								
5. California (CA) .....	No .....								
6. Colorado (CO) .....	No .....								
7. Connecticut (CT) .....	No .....								
8. Delaware (DE) .....	No .....								
9. District of Columbia (DC) .....	No .....								
10. Florida (FL) .....	No .....								
11. Georgia (GA) .....	No .....								
12. Hawaii (HI) .....	No .....								
13. Idaho (ID) .....	No .....								
14. Illinois (IL) .....	No .....								
15. Indiana (IN) .....	No .....								
16. Iowa (IA) .....	No .....								
17. Kansas (KS) .....	No .....								
18. Kentucky (KY) .....	No .....								
19. Louisiana (LA) .....	No .....								
20. Maine (ME) .....	No .....								
21. Maryland (MD) .....	No .....								
22. Massachusetts (MA) .....	No .....								
23. Michigan (MI) .....	No .....								
24. Minnesota (MN) .....	No .....								
25. Mississippi (MS) .....	No .....								
26. Missouri (MO) .....	No .....								
27. Montana (MT) .....	No .....								
28. Nebraska (NE) .....	No .....								
29. Nevada (NV) .....	No .....								
30. New Hampshire (NH) .....	No .....								
31. New Jersey (NJ) .....	No .....								
32. New Mexico (NM) .....	No .....								
33. New York (NY) .....	No .....								
34. North Carolina (NC) .....	No .....								
35. North Dakota (ND) .....	No .....								
36. Ohio (OH) .....	No .....								
37. Oklahoma (OK) .....	No .....								
38. Oregon (OR) .....	No .....								
39. Pennsylvania (PA) .....	No .....								
40. Rhode Island (RI) .....	No .....								
41. South Carolina (SC) .....	No .....								
42. South Dakota (SD) .....	No .....								
43. Tennessee (TN) .....	Yes .....			256,409,764				256,409,764	
44. Texas (TX) .....	No .....								
45. Utah (UT) .....	No .....								
46. Vermont (VT) .....	No .....								
47. Virginia (VA) .....	No .....								
48. Washington (WA) .....	No .....								
49. West Virginia (WV) .....	No .....								
50. Wisconsin (WI) .....	No .....								
51. Wyoming (WY) .....	No .....								
52. American Samoa (AS) .....	No .....								
53. Guam (GU) .....	No .....								
54. Puerto Rico (PR) .....	No .....								
55. U.S. Virgin Islands (VI) .....	No .....								
56. Northern Mariana Islands (MP) .....	No .....								
57. Canada (CN) .....	No .....								
58. Aggregate other alien (OT) .....	X X X .....								
59. Subtotal .....	X X X .....			256,409,764				256,409,764	
60. Reporting entity contributions for Employee Benefit Plans .....	X X X .....								
61. Total (Direct Business) .....	(a) 1 .....			256,409,764				256,409,764	
<b>DETAILS OF WRITE-INS</b>									
5801. ....	X X X .....								
5802. ....	X X X .....								
5803. ....	X X X .....								
5898. Summary of remaining write-ins for Line 58 from overflow page .....	X X X .....								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	X X X .....								

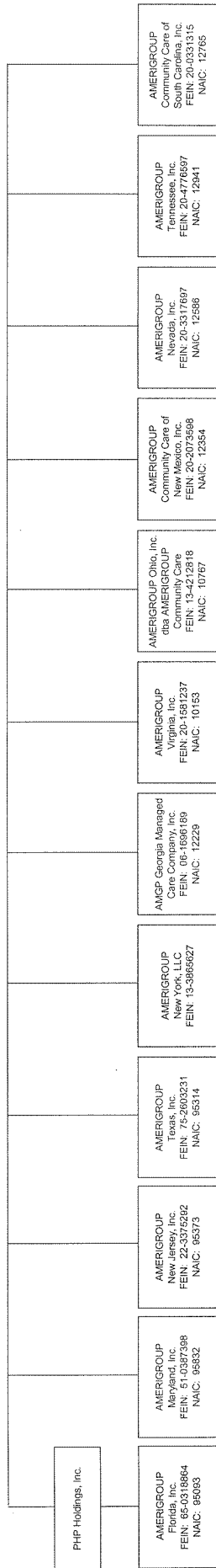
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

AMERIGROUP Corporation



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

RESPONSE

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



12941200736500003

2007

Document Code: 365

21	Overflow Page for Write-Ins .....	NONE
E01	Schedule A Part 2 .....	NONE
E01	Schedule A Part 3 .....	NONE
E02	Schedule B Part 1 .....	NONE
E02	Schedule B Part 2 .....	NONE
E03	Schedule BA Part 1 .....	NONE
E03	Schedule BA Part 2 .....	NONE
E04	Schedule D Part 3 .....	NONE
E05	Schedule D Part 4 .....	NONE
E06	Schedule DB Part A Section 1 .....	NONE
E06	Schedule DB Part B Section 1 .....	NONE
E07	Schedule DB Part C Section 1 .....	NONE
E07	Schedule DB Part D Section 1 .....	NONE

**SCHEDULE E - PART 1 - CASH****Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
<b>open depositories</b>								
Wachovia .....			55,477		(3,401,321)	(2,531,669)	17,540,422	X X X
US Bank .....			330,936		28,559,305	15,825,711	24,963,658	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X	X X X						X X X
0199999 Totals - Open Depositories	X X X	X X X	386,413		25,157,984	13,294,042	42,504,080	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash On Deposit	X X X	X X X	386,413		25,157,984	13,294,042	42,504,080	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total Cash	X X X	X X X	386,413		25,157,984	13,294,042	42,504,080	X X X



E09    Schedule E Part 2 Cash Equivalents ..... NONE

Supp1    Medicare Part D Coverage Supplement ..... NONE

ACT    Actuarial Statement ..... NONE

AEP    Amended Explanation ..... NONE

## INDEX TO HEALTH QUARTERLY STATEMENT

Accounting Changes and Corrections of Errors; Q10, Note 2; Q11  
 Accounting Practices and Policies; Q5; Q10, Note 1  
 Admitted Assets; Q2  
 Bonds; Q2; Q6; Q11.1; Q11.2; QE04; QE05  
 Bonuses; Q3; Q4; Q8; Q9  
 Borrowed Funds; Q3; Q6  
 Business Combinations and Goodwill; Q10, Note 3  
 Capital Gains (Losses)  
     Realized; Q4  
     Unrealized; Q4; Q5  
 Capital Stock; Q2; Q10, Note 13  
 Capital Notes; Q6; Q10, Note 11  
 Caps; QE06  
 Cash; Q2; Q6; QE08  
 Cash Equivalents; Q2; Q6  
 Claims; Q3; Q8  
 Collars; QE07  
 Commissions; Q6  
 Common Stock; Q2; Q3; Q6; Q11.1; Q11.2  
 Cost Containment Expenses; Q4  
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**QUARTERLY DISKETTE TRANSMITTAL FORM AND CERTIFICATION  
(HEALTH)**

Name of Insurer AMERIGROUP Tennessee, Inc.

Date 11/15/2007  
NAIC Group # 1156

FEIN 20-4776597  
NAIC Company # 12941

THIS FORM IS REQUIRED FOR ALL DISKETTE TRANSMITTALS, PLEASE PROVIDE ANY ADDITIONAL COMMENTS THAT MAY  
HELP TO IDENTIFY DISKETTE CONTENT

	First Quarter	Second Quarter	Third Quarter
A01. Is this the first time you've submitted this filing? (Y/N) .....	N/A .....	N/A .....	Yes .....
A02. Is this being re-filed at the request of the NAIC or a state insurance department? (Y/N) .....	N/A .....	N/A .....	N/A .....
A03. Is this being re-filed due to changes to the data originally filed? (Y/N) .....	N/A .....	N/A .....	N/A .....
(IF "YES" ENCLOSE HARD COPY PAGES FOR EACH CHANGE.)			
A04. Other? (Y/N) .....	N/A .....	N/A .....	N/A .....
(If "yes" attach an explanation.)			

B. Additional comments if necessary for clarification:

C. Diskette Contact Person: Margaret Mary Roomsburg

Phone: (757)473-2737-32721

Address: 4425 Corporation Lane, Virginia Beach, VA 23462

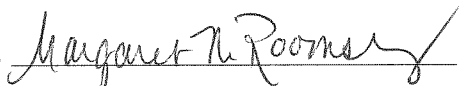
D. Software Vendor: SunGard Insurance Systems, Inc.  
Version: 2007.Q.2

E. Have material validation failures been addressed in the explanation file? Yes[X] No[ ]

F. The undersigned hereby certifies, according to the best of his/her knowledge and belief: that the diskettes submitted with this form were prepared in compliance with the NAIC specifications, that the diskettes have been tested against the validations included with these specifications, and that quarterly statement information required to be contained on diskette is identical to the information in the 2007 Quarterly Statement blank filed with the insurer's domiciliary state insurance department. In addition, the diskettes have been scanned through a virus detection software package, and no viruses are present on the diskettes. The virus detection software used was (name): McAfee VirusScan Enterprise

(version number): 8.0.0

(Signed)



Type Name and Title: Margaret M. Roomsburg, Vice President

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

	1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals							
0299998 Premium due and unpaid not individually listed							
0299999 Total group							
0399999 Premium due and unpaid from Medicare entities							
0499999 Premium due and unpaid from Medicaid entities		6,341,074	4,205,592	4,161,624	0		14,708,290
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)		6,341,074	4,205,592	4,161,624	0		14,708,290

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed .....						
0199999 Subtotal - Pharmaceutical Rebate Receivables .....						
0299998 Claim Overpayment Receivables - Not Individually Listed .....	1,442,326				1,442,325.99	-
0299999 Subtotal - Claim Overpayment Receivables .....	1,442,326				1,442,325.99	-
0399998 Loans and Advances to Providers - Not Individually Listed .....	3,294,000					3,294,000
0399999 Subtotal - Loans and Advances to Providers .....	3,294,000					3,294,000
0499998 Capitalization Arrangements Receivables - Not Individually Listed .....						
0499999 Subtotal - Capitalization Arrangements Receivables .....						
0599998 Risk Sharing Receivables - Not Individually Listed .....						
0599999 Subtotal - Risk Sharing Receivables .....						
0699998 Other Receivables - Not Individually Listed .....	451,224					451,224
0699999 Subtotal - Other Receivables .....	451,224					451,224
0799999 Gross health care receivables .....	5,187,550					3,745,224

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Debtor	1 - 30 Days			Over 90 Days	Nonadmitted	Current	Non-Current
0299999 Receivables not individually listed	NONE						
0399999 Total gross amounts receivable							

AMERIGROUP Tennessee, Inc.  
**Report 2A - TennCare Income Statement**  
Middle Tennessee CRA 2.30.14.3.3 and 2.30.14.3.4

	Current Period	Year-To-Date Total	Previous Year Total
<b>Member Months</b>	<b>554,816</b>	<b>1,098,491</b>	-
<b>Revenues:</b>			
TennCare Capitation	129,098,109	256,409,764	-
Investment	992,720	1,893,479	-
Other Revenues	0	-	-
<b>Total Estimated Revenues</b>	<b>130,090,829</b>	<b>258,303,243</b>	-
<b>Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
Capitated Physician Services	1,316,250	1,316,250	-
Fee-for Service Physician Services	66,990,100	103,024,618	-
Inpatient Hospital Services	25,239,915	53,098,372	-
Outpatient Hospital Services	(2,484,835)	20,160,425	-
Emergency Room Services	10,270,488	12,442,254	-
Dental Services	-	-	-
Vision Services	(788,150)	603,623	-
Pharmacy Services	-	-	-
Home Health Services	-	-	-
Chiropractic Services	-	-	-
Radiology Services	(1,948,408)	6,038,410	-
Laboratory Services	(176,757)	4,249,565	-
Durable Medical Equipment Services	914,877	1,798,682	-
Transportation Services	6,557,982	8,984,997	-
Outside Referrals	-	-	-
Medical Incentive Pool and Withhold Adj	-	-	-
Occupancy, Depreciation and Amortization	-	-	-
Other Medical and Hospital Services - Write-Ins	-	-	-
<b>Subtotal Medical and Hospital</b>	<b>105,891,461</b>	<b>211,717,196</b>	-
<b>Mental Health and Substance Abuse Services</b>			
Inpatient Psychiatric Facility Services	4,236,536	4,753,719	-
Inpatient Substance Abuse Treatment and Detox	(332,469)	455,591	-
Outpatient Mental Health Services	1,082,159	8,336,500	-
Outpatient Substance Abuse Treatment and Detox	507,798	507,798	-
Housing/Residential Treatment	490,426	490,426	-
Specialized Crisis Services	1,398	1,398	-
Psychiatric Rehab and Support Services	9,157,356	15,100,388	-
Case Management	452,582	452,582	-
Forensics	-	-	-
Other Judicial	-	-	-
Pharmacy	-	-	-
Lab Services	-	-	-
Transportation	7,003	85,644	-
Medical Incentive Pool and Withhold Adjustments	-	-	-
Occupancy, Depreciation and Amortization	-	-	-
Other Mental Health and Substance Abuse Services	-	-	-
PCP and Specialist Services	-	-	-
Other Mental Health Services - Write-Ins	-	-	-
<b>Subtotal MH&amp;SAS</b>	<b>15,602,788</b>	<b>30,184,046</b>	-
<b>Subtotal Hospital, Medical, MH&amp;SAS</b>	<b>121,494,250</b>	<b>241,901,242</b>	-
<b>LESS:</b>			
Net Reinsurance Recoveries Incurred	(178,358)	(1,003,896)	-
Copayments	-	-	-
Subrogation and Coordination of Benefits	-	-	-
<b>Subtotal Reinsurance, Copay, Subrogation</b>	<b>(178,358)</b>	<b>(1,003,896)</b>	-
<b>Total Hospital, Medical, MHS&amp;S</b>	<b>121,672,608</b>	<b>242,905,138</b>	-
<b>Administration:</b>			
Compensation	4,160,359	9,360,248	213,796
Marketing	77,891	120,322	-
Interest Expense	-	-	-
Premium Tax Expense	2,581,962	5,128,195	-
Occupancy, Depreciation, and Amortization	149,696	235,020	-
Other Administration - Write-Ins	11,222,549	19,946,956	47,615
<b>Total Administration Expenses</b>	<b>18,192,457</b>	<b>34,790,742</b>	<b>261,411</b>
<b>Total Expenses</b>	<b>139,865,064</b>	<b>277,695,880</b>	<b>261,411</b>
Extraordinary Item	-	-	-
Provision for Income Tax	-	-	-
<b>Net Income (Loss)</b>	<b>(9,774,235)</b>	<b>(19,392,637)</b>	<b>(261,411)</b>
<b>Write-Ins for Other Expense</b>			
Detail of Other Medical and Hospital:			
	-	-	-
	-	-	-
<b>Total Other Medical and Hospital</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail of Other MH and SAS:			
	-	-	-
	-	-	-
<b>Total Other MH and SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail of Other Administration:			
Purch Svc Accts	299,770	457,217	-
Rent Expenses	141,817	279,512	-
Telephone Expenses	130,329	301,761	-
Miscellaneous Expenses	324,009	322,433	-
Postage and Delivery	122,709	281,431	-
Recruitment Expenses	244,208	531,034	42,198
Management Fee-Ind	9,598,741	17,014,397	-
Other Administration < \$240,000 YTD	360,966	759,172	5,417
<b>Total Other Administration</b>	<b>11,222,549</b>	<b>19,946,956</b>	<b>47,615</b>



Reconciliation Between NAIC Filing and TennCare MLR Report  
As of September 30, 2007

Claims Unpaid	65,292,965
Unpaid Claim Adjustment Expense	<u>1,620,112</u>
<b>Total IBNR reported in NAIC Filing</b>	<b>66,913,077</b>
Checks Issued But Not Released	(3,993,570)
Miscellaneous	<u>(87,135)</u>
<b>Total IBNR Reported in MLR report</b>	<b>62,832,372</b>

# TENNCARE HEALTH MAINTENANCE ORGANIZATIONS

## REQUIRED FILINGS IN THE STATE OF: Tennessee Filings Made During the Year 2007

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES*			(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
			Domestic		Foreign			
			State	NAIC	State			
		<b>I. NAIC FINANCIAL STATEMENTS</b>						
	1	Annual Statement (8 1/2"x14") using the Health Blank as approved by the NAIC	2		2	3/1	NAIC	A,B,E-L,N-R
✓	2	Quarterly Financial Statement (8 1/2" x 14") using the Health Blank approved by the NAIC	2		2	6/1, 9/1, 12/1	NAIC	A,B,E-L,N-P,Z
	3	Annual Statement Electronic Filing	N/A			3/15	NAIC	T
✓	3.1	Quarterly Statement Electronic Filing	N/A			6/15, 9/15, 12/15	NAIC	T
	4	Supplemental Electronic Filing	N/A			4/1	NAIC	
	5	June Electronic Filing	N/A			6/1	NAIC	
	6	State Filing Fees	1		1	3/1	State	C,D
		<b>II. NAIC SUPPLEMENTS</b>						
	11	Management Discussion & Analysis	2		2	4/1	Company	
	12	Medicare Supplement Insurance Experience Exhibit	N/A			3/1	NAIC	
	13	Risk-Based Capital Report	N/A			3/1	NAIC	R
	14	Risk-Based Capital Electronic Filing	N/A			3/1	NAIC	R
	15	Statement of Actuarial Opinion	2		2	3/1	Company	G,Q
	16	Supplemental Compensation Exhibit	2			3/1	NAIC	
		<b>III. AUDITED FINANCIAL STATEMENTS</b>						
	51	Accountants Letter of Qualifications	1			5/1	Company	S
	52	Audited Financial Statements in accordance with NAIC Annual Statement Instructions, including a separate income statement addressing TennCare operations	1			5/1	Company	S
	53	Audited Financial Statements Exemption Affidavit					Company	S
	54	Independent CPA Designation	1			See note	Company	S, X
	55	Notification of Adverse Financial Condition	1			Five Business Days After Receipt	Company	S
	56	Report of Significant Deficiencies in Internal Controls	1			5/1	Company	S
	57	Request for Exemption to File				4/20	Company	S
		<b>IV. STATE REQUIRED FILINGS</b>						
	102	Premium Tax	1		1	3/1	State	A,D,U

Revised January 2007

	103	Quarterly Premium Taxes	1		1	6/1, 8/20, 12/1	State	A,D,U
	104	Holding Company Registration Statement	1		1	4/30	State	V
	105	Affiliate Disclosure TCA 56-32-234	1		1	1/15	Company or State	Y
		<b>V. TENNCARE REQUIRED FILINGS</b>						
	107	Medical Services Monitoring Report with Actuarial Certification	1		1	21 <sup>st</sup> of each month	State	BB
	108	Claims Payment Accuracy Reports	1		1	1/30, 4/30, 7/30, 10/30	State	BB
✓	109	Report 2A TennCare Operating Statement	2		2	3/1, 6/1, 9/1, 12/1	State	W
	111	Medical Services Monitoring Report with reconciliation to the NAIC, accompanied by an Actuarial Statement	2		2	3/1, 9/1	State	W
	112	Financial Plan and Projection of Operating Results Report (Full Risk Contacts Only)	1		1	12/31	State	AA

\*If XXX appears in this column, this state does not require this filing, if hard copy is filed with the state of domicile and the NAIC and if the data is filed electronically with the NAIC. If N/A appears in this column, the filing is not required with the domiciliary state.

\*\*If Form Source is NAIC, the form should be obtained from the appropriate vendor.